

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
Seacoast Commerce Banc Holdings		47-1489026	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
Richard Sanborn	858-432-7001	rsanborn@sccombank.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and Zip code of contact	
11939 Rancho Bernardo Road Suite 200		San Diego, CA 92128	
8 Date of action		9 Classification and description	
October 1, 2017		Common Stock	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
81171B108	None	SCBH	None

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ Effective October 1, 2017, Seacoast Commerce Banc Holdings (SCBH) acquired all the outstanding common shares of Capital Bank, Ticker Symbol CBJC and CUSIP 139809107, in a transaction qualified as a reorganization under the Internal Revenue Code. Capital Bank was merged with and into Seacoast Commerce Bank, a wholly owned subsidiary of Seacoast Commerce Banc Holdings. The Agreement and Plan of Reorganization and Merger Dated May 2, 2017 between Capital Bank, Seacoast Commerce Bank and SCBH provided- purchase consideration in the form of 1.7297 shares of SCBH common stock for each common share of CBJC or \$32.00 in cash. CBJC shareholders were allowed a voluntary stock or cash election tender period, followed by certain allocation and proration procedures specified in the merger agreement to arrive at aggregate purchase consideration paid by SCBH of 80% stock and 20% cash. On the last trading day before close of the transaction, September 29, 2017, SCBH common shares closed at \$21.90. No fractional shares were issued and SCBH paid cash in lieu of fractional shares.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ CBJC shareholders will recognize a taxable gain on the exchange of shares equal to the lesser of (A) the amount that the combined fair value of SCBH shares and cash received exceeds the tax basis in the CBJC shares surrendered in the exchange, or (B) the amount of cash received for CBJC shares. For CBJC shareholders receiving cash in the exchange a taxable gain, but not loss, will be recognized depending on the historical cost basis of the CBJC shares. As a general rule, a CBJC common share was exchanged for 1.38376 common shares of SCBH and \$6.40 in cash. However, because of the voluntary election, allocation and proration process described in line 14 the share exchange is not exactly the same for every CBJC shareholder. CBJC shareholders receiving cash for their shares are encouraged to consult with a qualified tax professional.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ The aggregate tax basis of the SCBH shares received will be equal to the aggregate tax basis of the CBJC shares surrendered, less the amount of cash received in the exchange, plus the amount of gain recognized in the exchange. In the event that the gain recognized is equal to the cash received, the tax basis in the CBJC shares surrendered carries into the SCBH shares received without change.

Part II **Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Section 368(a).
The merger qualified as a tax-free reorganization as defined in Section 368(a) of the Internal Revenue Code. Other relevant Internal Revenue Code provisions include Sections 302, 354, 358, 368, and 1221.

18 Can any resulting loss be recognized? ▶ No loss can be recognized on the exchange of shares. Loss may be recognizable to the extent of cash received for fractional shares as described below.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The holding period of the CBJC shares exchanged for SCBH shares carries into the SCBH shares received without change. The share exchange is a tax reportable event in the year the CBJC shareholder's surrender and exchange is completed, expected to be 2017. CBJC shareholders receiving cash for fractional shares will generally be treated as having received that fractional share pursuant to the merger and then having immediately sold the fractional share for cash. The shareholder will recognize a gain or loss on the fractional share equal to the difference between the cash received and the tax basis in the fractional share.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶ _____ Date ▶ _____

Print your name ▶ Richard Sanborn Title ▶ Chief Executive Officer

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.